Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

CONFIDENTIAL

PAGE 01 STOCKH 05220 160815Z

15
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

TRSE-00 FRB-03 IO-10 /073 W
---------- 125577
R 151445Z OCT 75
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 5924
INFO AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY REYKJAVIK
USMISSION EC BRUSSELS
USMISSION NATO

C O N F I D E N T I A L STOCKHOLM 5220

E.O. 11652: GDS
TAGS: ELAB, PINT, SW, FI, GW
SUBJECT: PRIME MINISTER PALME STATEMENT ON SMUGGLING OF FUNDS
TO FINLAND

REF: STOCKHOLM 5173

1. BEGIN UNCLASSIFIED. THE EXECUTIVE COMMITTEE OF THE SWEDISH SOCIAL DEMOCRATIC PARTY HELD A SPECIAL MEETING OCTOBER 14 TO CONSIDER THE ABORTIVE EFFORT TO SMUGGLE FUNDS TO FINLAND FOR USE BY THE SOCIAL DEMOCRATIC CANDIDATES IN NEXT MONTH' S METAL WORKERS ELECTIONS. (REFTEL AND PREVIOUS). FOLLOWING THE MEETING, PRIME MINISTER PALME, IN HIS ROLE OF CHAIRMAN OF THE SOCIAL DEMOCRATIC PARTY, HELD A PRESS CONFERENCE, FLANKED BY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STOCKH 05220 160815Z

PARTY SECRETARY STEN ANDERSSON AND PARTY TREASURER NILS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

DAMBERG.

2. IN THE PRESS CONFERENCE, PALME REPEATED HIS STATEMENT OF LAST WEEK THAT THE CIA WAS NOT RPT NOT THE ORIGIN OF THE FUNDS, AND SAID HIS GERMAN SOCIALIST CONTACTS, INCLUDING WILLY BRANDT, HAD GIVEN HIM THEIR "WORD OF HONOR" THAT THE CIA WAS NOT INVOLVED. (PALME DECLINED TO ANSWER A QUESTION RE THE IDENTITY OF THE OTHER GERMAN SOCIALIST LEADERS WITH WHOM HE HAD TALKED). ALTHOUGH PALME CRITICIZED THE HANDLING OF THE AFFAIR AS "MONUMENTALLY CLUMSY," HE SAID THAT THE COMMITTEE HAD DECIDED THAT TREASURER DAMBERG WOULD NOT HAVE TO RESIGN. HE ACKNOWLEDGED THAT HE DID NOT KNOW THE ORIGINAL SOURCE OF THE MONEY, BUT INSISTED THAT THIS IS ESSENTIALLY A "GERMAN QUESTION." PALME SAID THAT THERE WOULD BE NO FURTHER FINANCIAL SUPPORT TO THE FINNISH SOCIAL DEMOCRATS FROM SWEDEN, ADDING HOWEVER, THAT THE PARTY'S "INTERNATIONAL SUPPORT" FOR OTHER SOCIALIST PARTIES WOULD CONTINUE. IN THE FUTURE, PALME SAID, ALL CONTRIBUTIONS WOULD BE OPENLY ACCOUNTED FOR, EXCEPT WHERE TO DO SO "WOULD RISK LIFE AND LIMB." (THE LATTER DESCRIPTION WAS TAKEN BY THE PRESS AS AN ALLUSION TO SPAIN). END UNCLASSIFIED.

3. BEGIN CONFIDENTIAL. COMMENT: THE APPARENT PURPOSE OF THE SOCIAL DEMOCRATIC PARTY EXECUTIVE MEETING AND PALME'S PRESS CONFERENCE WAS TO TRY TO WRITE FINIS TO THE ENTIRE CONTROVERSY BY PUTTING ALL THE KNOWN FACTS ON THE TABLE. HOWEVER, SEVERAL QUESTIONS REMAIN UNANSWERED, INCLUDING WHO WAS THE ORIGINAL SOURCE OF THE FUNDS. EUGEN LODERER, THE GERMAN IG METALL PRESIDENT WHO TRANSFERRED THE FUNDS TO SWEDEN AND WHO PRESUMABLY COULD ANSWER THIS QUESTION, WILL REPORTEDLY BE TRAVELING ABROAD UNTIL OCTOBER 25. ALSO, THE BANK OF SWEDEN DIRECTORATE IS EXPECTED TO DECIDE OCTOBER 17 IF IT IS GOING TO PRESS CHARGES AGAINST DAMBERG AND OTHERS INVOLVED IN THE TRANSACTION FOR VIOLATION OF CURRENCY REGULATIONS. FINALLY, THERE IS UNCERTAINTY AS TO WHETHER THE SWEDISH OPPOSITION PARTIES WILL WISH TO PURSUE THE MATTER FURTHER TO EMBARRASS THE SOCIAL DEMOCRATS. MODERATE CHAIRMAN GOSTA BOHMAN IN PARTICULAR IS KNOWN TO
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STOCKH 05220 160815Z

HAVE STRONG VIEWS AGAINST FINANCIAL AID TO POLITICAL PARTIES IN OTHER COUNTRIES BECAUSE OF ITS IMPLICATION OF INTERFERENCE IN THESE COUNTRIES' INTERNAL AFFAIRS. HOWEVER, THE REALIZATION THAT PRESSING THE ATTACK AGAINST THE SOCIAL DEMOCRATS ON THE ISSUE MIGHT ONLY SERVE TO WORSEN THE PROBLEM FOR NEIGHBORING FINLAND VIS-A-VIS THE SOVIET UNION MAY WELL SERVE AS A BRAKE ON SUCH AN EFFORT.
STRAUSZ HUPE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CORRUPTION, SMUGGLING, ALLEGATIONS, POLITICAL PARTIES, LABOR UNIONS, ELECTION CANDIDATES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STOCKH05220
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750358-0803
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751054/aaaabvvj.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STOCKHOLM 5173
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 APR 2003 by ShawDG>; APPROVED <28 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIME MINISTER PALME STATEMENT ON SMUGGLING OF FUNDS TO FINLAND
TAGS: ELAB, PINT, SW, FI, GE, US, CIA, (PALME, OLAF)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006